

BGL BNP PARIBAS STATEMENTS ABOUT PRODUCT CLASSIFICATION

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Pursuant to Regulation (EU) 2019/2088 (SFDR), which applies from 10 March 2021, BGL BNP Paribas makes available to you information in particular in relation to financial products.

1. General information

BNP Paribas Group's mission is to contribute to responsible and sustainable growth by financing the economy and advising clients according to the highest ethical standards. The Group's Corporate Social Responsibility (CSR) policy is one of the main components of this approach. In line with the United Nations' Sustainable Development Goals (SDGs), it is based on four pillars (economic, social, civic and environmental) that reflect its CSR challenges, as well as the Group's concrete achievements.

In 2019, BNP Paribas Group has published its corporate purpose, a text which was prepared by the BNP Paribas Executive Committee, based on three texts resulting from a work with many different employees. These include: the Shared Convictions (Mission and Vision), the Code of conduct and the Engagement Manifesto.

Moreover, BNP Paribas Group has been committed for several years by setting itself additional obligations in several sensitive sectors through:

- financing and investment policies in the following sectors: agriculture, palm oil, defense, nuclear energy, paper pulp, coal energy, mining and non-conventional hydrocarbons (for an updated list of policies, please the [link](#))
- a [list of excluded goods and activities](#) such as tobacco, drift nets, the production of asbestos fibers, products containing PCBs (polychlorinated biphenyls), or the trading of any species regulated by the CITES convention (Convention on international trade in endangered species of wild fauna and flora) without the necessary authorization.
- Restriction lists which define the level of monitoring and constraint applied to companies which do not fully meet the Group's CSR requirements.

In line with the United Nations' SDGs, the Group actively participates in designing and implementing long-term social and environmental solutions within the framework of both the Principles for Responsible Investment (PRI) and the Principles for Responsible Banking (PRB).

¹ While the Crystal mandate neither promotes environmental and/or social characteristics nor has a sustainable investment as objective,

2. DPM mandates financial Product classification

2.1 Mandates without promotion of environmental or social characteristics (SFDR "ARTICLE 6"):

Crystal mandates' strategies investing in a combination of the following 18 PMS sub-funds:

- PMS Bonds EUR
- PMS Bonds USD
- PMS Yield Opportunity EUR
- PMS Conservative EUR
- PMS Conservative USD
- PMS Flexible 30 EUR
- PMS Alti-Select EUR
- PMS Alti-Select USD
- PMS Balanced EUR
- PMS Balanced USD
- PMS Flexible 60 EUR
- PMS Dynamic EUR
- PMS Flexible 100 EUR
- PMS Equity Premium EUR
- PMS Equity Premium USD
- PMS Conservative Harmony EUR¹
- PMS Balanced Harmony EUR {footnote 1}
- PMS Dynamic Harmony Plus EUR {footnote 1}

Classic Profiled Mandates (Classic & Funds)

- Bonds
- Conservative
- Balanced
- Dynamic
- Equities

Flexible Mandates:

- Flexible 100

Smart Asset Allocation mandates :

- Smart Asset Allocation 10
- Smart Asset Allocation 20
- Smart Asset Allocation 30
- Smart Asset Allocation 45
- Smart Asset Allocation 55

may include strategies in PMS sub-funds promoting environmental and/or social characteristics or/and having a sustainable investment objective.



- Smart Asset Allocation 65
- Smart Asset Allocation 80

Smart Global Income mandates:

- Smart Global Income 1
- Smart Global Income 2
- Smart Global Income 3
- Smart Global Income 4

Smart Fixed Income mandates:

- Smart Fixed Income Core
- Smart Fixed Income Higher income

The investments underlying these DPM mandates products do not take into account the EU criteria for environmentally sustainable economic activities.

When selecting investment products

, BGL BNP Paribas S.A. takes sustainability risks into account, through the application of the relevant sector policies to securities, bonds and investment products fully manufactured by BNP Paribas S.A. and its subsidiaries. With respect to investment products manufactured by other asset managers or product manufacturers, the information on their sector policies is collected and taken into consideration through the proprietary Clover evaluation of BNP Paribas Wealth Management.

After the application of this first filter to the recommended investment universe, BGL BNP Paribas S.A. can use BNP Paribas Wealth Management proprietary Clover evaluation assessing the responsibility level of financial instruments of each asset class. On top of regulatory information, it offers an insight on how products take into account sustainable development challenges.

The Clover evaluation enables BGL BNP Paribas S.A., as a financial advisor and as a financial market participant, to identify investment products for which the occurrence of an event or situation, in the environmental, social or governance field, could have a real or potential negative impact on the value of these products. For instance, should an environmental, social or governance event occur, it could cause a material negative impact on the value of an investment. The occurrence of such event may lead to the reshuffle of the portfolio strategy, including the exclusion of securities of certain issuers. In addition, the likely impact from sustainability risks can affect issuers via a range of mechanisms including:

- Lower revenue;
- higher costs;
- damage to, or impairment of, asset value;
- higher cost of capital; and
- fines or regulatory risks.

Due to the nature of sustainability risks and specific topics such as climate change, the chance of sustainability risks affecting the returns of financial products is likely to increase over longer-term time horizons.

BGL BNP Paribas integrates this risk assessment explicitly in its product selection process, next to the standard risk return assessment.

Information on sector policies and BNP Paribas Wealth Management's Clover evaluation is available on the website: [Sustainability-related disclosures | BGL BNP Paribas](#).

2.2 Mandates with promotion of environmental and/or social characteristics (SFDR "ARTICLE 8"):

Classic Profiled Funds Harmony Mandates :

- Conservative Funds Harmony
- Balanced Funds Harmony
- Dynamic Funds Harmony

The Harmony mandates do not have a sustainable investment as their objective however they promote environmental and/or social characteristics. Therefore, equity, bond and alternative funds in which the mandates are invested will be chosen mostly according to the evaluation of the way they consider ESG (Environmental, Social and Governance) criteria as well as the ESG characteristics of the underlying invested assets.

While these Harmony mandates promote environmental and/or social characteristics within the meaning of Article 8 of the SFDR, they do not currently commit to investing in any "sustainable investment" within the meaning of the SFDR or the Regulation (EU) 2020/852 (Taxonomy) on the establishment of a framework to facilitate sustainable investment ("Taxonomy Regulation"). Accordingly, it should be noted that these Responsible mandates do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation and their portfolio alignment with such Taxonomy Regulation is not calculated. Therefore, the "do not significant harm" principle in relation to the Taxonomy Regulation does not apply to any of the investments of these Harmony mandates.

The three Harmony mandates (Conservative, Balanced and Dynamic) were awarded the Lux FLAG ESG Discretionary Mandate Label (valid for one year with conditional renewal) in January 2023, January 2024 and December 2024.

When selecting investment products, BGL BNP Paribas takes sustainability risks into account, through the application of the relevant sector policies to securities, bonds and investment products fully manufactured by BNP Paribas S.A. and its subsidiaries. With respect to investment products manufactured by other asset managers or product manufacturers, the information on their sector policies is collected and taken into consideration through the proprietary Clover evaluation of BNP Paribas Wealth Management. After the application of this first filter to the recommended investment universe, BGL BNP Paribas S.A. can use BNP Paribas Wealth Management proprietary Clover evaluation assessing the responsibility level of financial instruments of each asset class. On top of regulatory information, it offers an insight on how products take into account sustainable development challenges.



The Clover evaluation enables BGL BNP Paribas S.A., as a financial advisor and as a financial market participant, to identify investment products for which the occurrence of an event or situation, in the environmental, social or governance field, could have a real or potential negative impact on the value of these products. For instance, should an environmental, social or governance event occur, it could cause a material negative impact on the value of an investment. The occurrence of such event may lead to the reshuffle of the portfolio strategy, including the exclusion of securities of certain issuers. In addition, the likely impact from sustainability risks can affect issuers via a range of mechanisms including:

- 1) lower revenue;
- 2) higher costs;
- 3) damage to, or impairment of, asset value;
- 4) higher cost of capital; and
- 5) fines or regulatory risks.

Due to the nature of sustainability risks and specific topics such as climate change, the chance of sustainability risks affecting the returns of financial products is likely to increase over longer-term time horizons.

For its Harmony offering, BGL BNP Paribas integrates this risk assessment explicitly in its product selection process, next to the standard risk return assessment. For equivalent financial risk-return products, priority is given to the best ESG integration: the Harmony mandate promotes ESG criteria and as such selection is mainly performed among financial instruments having at least 3 clovers.

The minimum proportion of investments aligned with the environmental and/or social characteristics promoted by the mandates is 80%.

Information on sector policies and BNP Paribas Wealth Management's Clover evaluations available on the website: [Sustainability-related disclosures | BGL BNP Paribas](#).

2.3 Mandates with promotion of environmental and/or social characteristics and a pocket of sustainable investments (SFDR "ARTICLE 8 with a sustainable investment portion"):

Mandats Classic Profiled

- Harmony Plus Conservative
- Harmony Plus Balanced
- Harmony Plus Dynamic
- Harmony Plus Equities

These mandates do not aim at sustainable investment but promote environmental and/or social characteristics. Therefore, the equity, bond and alternative funds in which it is invested will be selected primarily on the basis of an assessment of how

they consider ESG (Environmental, Social and Governance) criteria as well as the ESG characteristics of the underlying invested assets.

These mandates only invest in BNP Paribas Asset Management's Article 9 or Article 8 UCITS with a sustainable investment component according to the SFDR Regulation.

They promote environmental and social characteristics by assessing the underlying investments against environmental, social and governance (ESG) criteria using BNP Paribas Wealth Management's Clover evaluation for funds and ETFs. Thanks to BNP Paribas Asset Management ESG scoring methodology for issuers, they also invest in issuers with superior or improving environmental and social practices, while implementing strong corporate governance practices in their industries.

In addition, BNP Paribas Asset Management seeks to promote better practices by implementing an active engagement policy with companies towards responsible practices (individual and collective engagement with companies, voting policy at general meetings).

The ESG performance of an issuer is assessed in the underlying funds against a combination of environmental, social and governance factors, which include but are not limited to :

- Environmental: carbon intensity trend, greenhouse gases (GHG) reduction programme, green procurement policy, environmental incidents
- Social: discrimination policy, diversity programmes, employee turnover rate, social incidents
- Governance: board independence, disclosure of directors' remuneration, board diversity, respect of shareholders rights, governance incidents

For Sovereign issuers, the ESG performance of each country is assessed using an internal Sovereign ESG methodology that focuses on measuring governments' efforts to produce and preserve assets, goods, and services with high ESG values, according to their level of economic development. This involves evaluation of a country against a combination of environmental, social and governance factors, which include but not limited to:

- Environmental: climate mitigation, biodiversity, energy efficiency, land resources, pollution
- Social: life conditions, economic inequality, education, employment, health infrastructure, human capital
- Governance: business rights, corruption, democratic life, political stability, security

Exclusion criteria are applied to issuers that violate international standards and conventions or are active in sensitive sectors.

This assessment is carried out by BNPP AM's Sustainability Center on the basis of internal analysis and information provided by external experts, and in consultation with the BNP Paribas Group CSR team. In the event of serious and repeated non-



compliance with these principles, the issuer is placed on an "exclusion list" and is no longer eligible for investment.

Existing investments must be removed from the portfolio in accordance with an internal procedure. If an issuer is considered likely to breach any of the principles, it shall be placed on a "watch list", where appropriate.

For its Harmony Plus offering, BGL BNP Paribas integrates this risk assessment explicitly in its product selection process, next to the standard risk return assessment. For equivalent financial risk-return products, priority is given to the best ESG integration : the Harmony mandate promotes ESG criteria and as such selection is mainly performed among financial instruments having at least 3 clovers.

The minimum proportion of investments aligned with the environmental and/or social characteristics promoted, by the mandates is 80%.

15% of these investments will be considered sustainable investments.

These mandates do not currently commit to investing in any sustainable investments as defined by the EU taxonomy. However, this position will be reviewed as the underlying rules are finalised and the availability of reliable data increases over time.

The Balanced Harmony Plus EUR mandate was awarded the LuxFLAG ESG Discretionary Mandate Label (valid for one year with conditional renewal) in January 2023 January 2024 and December 2024. The Conservative Harmony Plus EUR mandate was awarded the LuxFLAG ESG Discretionary Mandate Label (valid for one year with conditional renewal) in January 2024 and December 2024.

2.4 Portfolio Management Solutions (PMS) SICAV

PMS has a majority of Article 6 SFDR sub- funds.

The investments underlying these sub-funds do not take into account the EU criteria for environmentally sustainable economic activities.

PMS also has a minority of Article 8 SFDR sub- funds.

There are 3 Article 8 sub-funds. The two PMS Harmony (Conservative and Balanced) do not have a sustainable investment as their objectives however they do promote environmental and social characteristics. Therefore, equity, bond and alternative funds in which the sub-funds are invested will be chosen mostly according to the evaluation of the way they consider ESG (Environmental, Social and Governance) criteria as well as the ESG characteristics of the underlying invested assets.

While PMS Conservative Harmony and PMS Balanced Harmony sub-funds promote environmental and/or social characteristics within the meaning of Article 8 of the SFDR, they do not currently commit to investing in any "sustainable investment" within the meaning of the SFDR or the Regulation (EU) 2020/852 (Taxonomy) on the

establishment of a framework to facilitate sustainable investment ("Taxonomy Regulation").

The PMS Dynamic Harmony Plus sub-fund commits to a portion of "sustainable investment" within the meaning of the SFDR.

Accordingly, it should be noted that these three sub-funds do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation and their portfolio alignment with such Taxonomy Regulation is not calculated. Therefore, the "do not significant harm" principle in relation to the Taxonomy Regulation, does not apply to any of the investments of these sub-funds.

It is only possible to subscribe to the PMS sub-funds via the Crystal DPM mandate.

The PMS Conservative Harmony Euro and PMS Balanced Harmony Euro sub-funds, which may be invested by the Crystal mandate, were awarded the LuxFLAG ESG Label in March 2022, March 2023, March 2024, and December 2024 ("valid for one year with conditional renewal").

The PMS Dynamic Harmony Plus Euro which may be invested by the Crystal mandate, was awarded the LuxFLAG ESG Label in March 2023, March 2024, and December 2024 ("valid for one year with conditional renewal").